



BOARD OF EQUALIZATION
STATUS REPORT

- ☐ Board Members
 - ☐ Business Taxes Committee
 - ☐ Customer Services and Administrative Efficiency Committee
 - ☐ Legislative Committee
 - ☒ Property Tax Committee
 - ☐ Other [Insert Name]
-

Topic:

Laser High-Speed Production Printers

Background:

The State Board of Equalization (BOE) co-administers the property tax in California with the county assessors. The 58 county assessors are charged with the assessment of locally assessed real and personal property for taxation purposes and resolution of appeals of property values at the local level in conjunction with county assessment appeals boards. The BOE's role is advisory and does not include setting values for any locally assessed property or for resolving disputes over those assessments.

Section 401.5 of the Revenue and Taxation Code requires that the BOE issue to county assessors data relating to costs of property and other information to promote uniformity in appraisal practices and in assessed values throughout the state. In an effort to comply with section 401.5, the BOE annually publishes Assessors' Handbook Section 581, *Equipment and Fixtures Index, Percent Good and Valuation Factors* (AH 581). The index factors published in AH 581 are generally reliable for converting a property's original cost to an estimate of reproduction cost new (RCN). Percent good factors, which are the complement of depreciation factors, are then applied to the RCN to arrive at an estimate of market value.

In June 2008, the BOE directed staff to develop valuation factors for AH 581 by conducting valuation studies for various industries that petition BOE staff for a study of their industry property/equipment.

On May 14, 2009, BOE staff approved industry's petition requesting BOE staff to consider its most current valuation study of document processors consisting of stand-alone copiers and multi-functional products (MFPs) that are capable of copying, scanning, printing, and faxing.

- The valuation study submitted by industry was authored by Deloitte Financial Advisory Services, LLP (Deloitte). The study contained 4,428 market sales transactions of used analog copiers and digital MFPs, including refurbishment cost incurred by dealers to ready these devices for sale to end users.
- In keeping with the format established on past valuation studies conducted by the BOE, staff established a team to participate in the study. The team consisted of two BOE staff members, two representatives from the county assessors, and two representatives from industry.

On December 15, 2009, BOE staff presented the team's recommended valuation factor table to the Property Tax Committee for their consideration for office type document processors, stand-alone copiers, and multi-functional printers capable of copying, scanning, printing, and faxing. The Property Tax Committee elected to adopt the team's recommendation. The results of the study were published in the 2010 revisions of AH 581 (table 10).

During the course of the document processor study, the team recognized the need to conduct a valuation study for equipment commonly referred to as laser high-speed production printers or digital printing presses. This class of equipment is manufactured by many of the same manufacturers of office type document processors, but the costs, operating characteristics, speed, and volume capabilities are significantly greater than office type document processors.

At the completion of the document processor study, industry, BOE staff, and the assessors agreed to conduct a study of this class of equipment as soon as possible with the goal of bringing a completed study before the Committee in April 2010, provided the necessary data was supplied to staff in a timely fashion.

Current Status:

Over the course of the past three months, BOE staff and county assessors' staffs have worked with industry representatives to identify potential sources for data. To date, limited market data has been collected.

Conclusion:

Due to the fact that efforts over the last three months have not resulted in identifying a source of market data acceptable to staff, staff believes it is appropriate to suspend the study at this time. Should interested parties identify a source of data in the future, the study can be resumed.

Prepared by: Property and Special Taxes Department; County-Assessed Properties Division

Current as of: March 29, 2010